

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1492

SPONSOR: Communications & Public Utilities Committee

SUBJECT: Renewable Energy

DATE: March 9, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	Fav/CS
2.	_____	_____	NR	_____
3.	_____	_____	ATD	_____
4.	_____	_____	AP	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill requires that, on or before January 1, 2005, each public utility and each municipal electric utility and rural electric cooperative that meets specified criteria must continuously offer a purchase contract to producers of renewable energy basing payment on the utility's avoided cost and having a minimum 10 year term.

The bill also requires all electric utilities to charge retail customers a charge of one quarter mill (\$0.00025) per kilowatt hour, with the funds collected to be deposited into the Florida Alternative Electric Energy Trust Fund.

The bill reduces the requirement that an applicant for a permit to construct or expand a waste-to-energy facility must meet relating to a solid waste management and recycling program and encourages local government applicants for a permit to construct or expand a Class I landfill to consider construction of a waste-to-energy facility as an alternative to additional landfill space.

The bill creates sections 366.91 and 366.95, creates an unnumbered section, and amends section 403.7061 of the Florida Statutes.

II. Present Situation:

There is no generally-accepted definition for "renewable energy." Using a broad definition, Florida has some renewable energy generation, including municipal solid waste (landfill power plants), biomass materials (wood and bagasse, or sugar cane residue), waste heat from manufacturing (primarily phosphate processing), and a very small amount of hydroelectric capacity.

Florida does not have a requirement that utilities generate or purchase renewable energy.

III. Effect of Proposed Changes:

The bill defines the terms “biomass” and “renewable energy.” On or before January 1, 2005, it requires each public utility to continuously offer a purchase contract to producers of renewable energy basing payment on the utility’s avoided cost and having a minimum 10 year term. Each municipal electric utility and rural electric cooperative whose annual sales as of July 1, 1993, to retail customers were greater than 2,000 gigawatt hours is also required to continuously offer a purchase contract to producers of renewable energy basing payment on the utility’s avoided cost and having a minimum 10 year term.

The bill also requires all electric utilities to charge retail customers a charge of one quarter mill (\$0.00025) per kilowatt hour, with the funds collected to be deposited into the Florida Alternative Electric Energy Trust Fund.

The bill requires that an applicant for a permit to construct or expand a waste-to-energy facility demonstrate that the county in which the facility is located has implemented a solid waste management and recycling program that is designed to achieve the 30 percent waste reduction goal set forth in s. 403.706(4) instead of the current requirement of providing reasonable assurance that the county will achieve that goal by the time the facility begins operation.

Finally, the bill encourages local government applicants for a permit to construct or expand a Class I landfill to consider construction of a waste-to-energy facility as an alternative to additional landfill space.

The bill takes effect October 1, 2004.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill requires all electric utilities to offer to purchase renewable energy at the utilities' avoided cost. The amount of new renewable energy that will be purchased under these contracts, and therefore the impact on the utilities, cannot be projected.

The bill also creates a surcharge of \$0.00025 per kilowatt hour charged to each retail electric customer in this state. On average, a residential customer uses 1,000 kilowatt hours, or one megawatt hour, of energy per month, which would be an average surcharge of twenty-five cents per month for residential customers. Commercial and industrial customers would pay twenty-five cents per megawatt hour.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
